



**DPA**

## **Systematic Controls, Oversight, and Policy Evaluation (SCOPE™)**

### **Description**

DFP has elements of customer outreach, monitoring and oversight, training, and continuous improvement in its objectives, mission, vision, and guiding principles. Webster's dictionary defines a SCOPE™ as an "instrument for viewing or observation." SCOPE is a program for systematically targeting policies and rules for evaluation, and involving the customer in setting priorities for those evaluations and in performing the SCOPE evaluations. While these principles can be applied to internal policies and procedure, the focus of SCOPE is on controls, oversight, and policies that significantly affect external customers. These re-evaluations can lead to policy changes that DPA controls, rules revisions, or possibly recommendations for statutory change.

### **Background**

The 2001 Footnote 67 report, as well as successful rules revisions to raise thresholds in procurement and contracting for construction, goods, and services, were good examples of revisiting and analyzing policies. But we can create more opportunities by creating a systematic process where feedback from customers, creative thinking, and analysis is welcome.

### **Definitions**

|               |   |
|---------------|---|
| RadarSCOPE™   | Reports communicating SCOPE priorities, status, and "missions accomplished."  |
| Up-PeriSCOPE™ | The process of asking clients for ideas on policies that could use SCOPE evaluation, and involving them in setting the priorities for evaluation.   |
| KaleidoSCOPE™ | More formal process (for more complex issues) of developing a SCOPE opportunity statement that summarizes key issues and opportunities and solicits agency and institution involvement in a systematic look at the issue.                                     |
| MicroSCOPE™   | A detailed examination of a process, breaking it down into component parts, assessing the value and costs associated with each.   |
| TeleSCOPE™    | Looking at best practices in other states or commercial entities  |
| OscilloSCOPE™ | Used when oversight is a substantial part of the issue, or when a trial period for monitoring a policy change (or pilot implementation) is part of the solution.  |
| GyroSCOPE™    | The decision process, where criteria for decision and recommendations are defined, considered, and debated, and pilot results are evaluated. Some simple SCOPE initiatives may go straight to the GyroSCOPE phase with informal collaboration with customers. |

## **Keeping Customers Informed About SCOPE Initiatives (RadarSCOPE)**

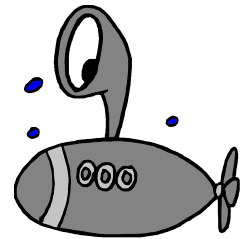
*A radar scope is constantly changing and shows the targets in the distance. Key threats at close range are prominently displayed, and often “noise” and collateral targets are displayed as well. While the display on a radar scope requires analysis to determine what is important and what is not, the radar scope is a useful instrument for showing and monitoring the big picture. SCOPE would highlight for customers the “targets” that are on our radarSCOPE.*



- DFP could centralize at Division Director level a summary of SCOPE initiatives, distribute the report through advisory groups, and eventually make it visible on DFP web site.
- Initiatives would be listed in priority, such as “primary targets,” “secondary targets,” and “possible targets.”

## **Identifying Potential Opportunities (Up-PeriSCOPE)**

*Many DFP programs are like submarines. We operate below the surface, have an important mission, and for the most part no one knows we are there. Periodically, though, we need to surface and take a careful look around. SCOPE would be a way of letting agencies/institutions know when we are periodically surfacing and scanning the horizon. While many issues already get attention and lead to policy and rules revisions, SCOPE would document a systematic process for looking at our controls and policy and continuing to create an environment where feedback from customers, creative thinking, and analysis is solicited and welcome. Through the periSCOPE, we would periodically check priorities with customers*



- Identify and collect opportunities for improvement informally
- Periodically go out and actively solicit ideas for policy examination
- In initial DFP discussions, assess potential opportunities
  1. What are the possible benefits from a re-examination of policy?
  2. What will be the potential costs or impact on the Unit, Section, Division, or Department?
  3. Should the initiative it be limited to the program or extend across programs?
  4. What Stakeholders and Customers should be involved, and how best can they participate, e.g. in discussions, formulation or change of policy, other implementation?
  5. Who else should be notified, and how can we get the work out?
  6. Is this a good candidate for an informal SCOPE evaluation, or should we deploy the more formal kaleidoSCOPE Opportunity Statement

7. How long should we leave the opportunity out for comment and feedback?
  8. How do we assess priorities?
- Send out SCOPE “call” through existing advisory forums, e.g. PAC, CCIT, Controllers Forum, SCAT, CASLAR, SBREP delegates

### **Complex Issues: Clarifying the Issues and Identifying Participants (KaleidoSCOPE)**

*Some issues will be easy wins. Some will be more complex. For efforts that will clearly require use of some of the more sophisticated tools, we want an early look through various “colored lenses.” We will need the different way of looking at issues. We call this the KaleidoSCOPE.*



- The kaleidoSCOPE is reserved for the more complex projects that need some definition in order to promote an early understanding of the issue and participation
- An initial one-page SCOPE “opportunity” draft would be prepared, with a summary of the nature of the opportunity (problem), basis for the current practice (statutory or rule), known or suspected implementations that are more or less restrictive, preliminary benefit and cost assessment, oversight method, etc.

A possible KaleidoSCOPE opportunity summary is attached.

### **The Initial SCOPE Meeting**

After the initial team is identified, there will be a first meeting to define the project, objectives, and roles of the participants. A possible agenda might be:

- Clarify purpose and discuss the kaleidoSCOPE Opportunity Statement or any other definitions of the project
  1. What are we looking at?
  2. What is currently being done?
  3. How is it being done and Why?
  4. What is the “deliverable” or finished product desired?
  5. How will priorities be determined? By whom?
  6. Is this issue appropriate for this group to be working on?
- Discuss group rules and the approaches to decisions or recommendation. If related issues are brought up during the process, how should they be handled?
  1. What is the format of the group?
  2. Many people in large meeting?
  3. Fewer people in “focus groups”
- Revisit the need for cross-program coordination

- Discuss tools to be deployed, e.g. microSCOPE, teleSCOPE, oscilloSCOPE
- How do we know when “mission accomplished?”
- What progress do we report and when? What information is in the radarSCOPE?
- What other information should be shared?
- Who should information be shared with, e.g. only those involved in the process or those otherwise affected?
- How should information be shared, and how often?
- Assign responsibilities and set timeline

### **Breaking Down the Processes to Study Them (MicroSCOPE)**

*With help from other SCOPE team members, some SCOPE projects may require a detailed, drilled-down examination of our processes and policies.*

1. What are the components of the process?
2. What are the steps involved in each of the components?
3. How many staff are involved?
4. How much time is involved?
5. How to assign responsibility



### **Searching for Other Good Ideas and Best Practices (TeleSCOPE)**

*In some cases, looking “far away” at other agencies, institutions -- or even states and private companies – might be considered by a SCOPE team in identifying best practices and fashioning a recommendation or solution.*



- Consider some national research through association listservs (e.g. NASPO and NASCT) that may identify other control, oversight, or policy approaches
  1. Who else is doing or has done this function?
    - a. Within Colorado
    - b. In other states
    - c. In private industry
  2. How are they doing it?
  3. What oversight do they have in place?
  4. How successful are they? How do they measure success?
  5. Who will take responsibility?

### **Considering Oversight Challenges (OscilloSCOPE)**

*An oscilloscope is a scientific instrument that measures (among other things) frequency and amplitude. We also have to have reasonable ways to monitor our processes, e.g. internal controls and program reviews, depending on the issue and nature of the risk.*



1. Is there currently a monitoring process in place? Does there need to be one?
2. Should there be one?
3. How should or is compliance documented or otherwise assured?
4. What rules, guidelines or other limiting factors are applicable?
5. How do we measure success?

### **Identifying Criteria for Decisions, Debate, Analysis, Recommendations (GyroSCOPE)**

*Gyroscopes were used by navigation systems to provide the internal frame of reference and stability for assessing movement of the vessels and aircraft. SCOPE will use the gyroscope in two major ways. First, the SCOPE charter will be developed with our customers and provide a framework for guiding the process. Second, every SCOPE opportunity team will decide on appropriate criteria for evaluating options and making decisions.*



- Meet and discuss the criteria for decision and the criteria for assessing risk
- Consider such things as the costs of the current practice, costs of the change, consistency with other policies, risk from the proposed policy, available means of oversight, etc., as determined appropriate by the SCOPE team.
- Consider use of “pilot” programs to test good ideas.
- Define how we measure success.
- Develop a SCOPE recommendation.
  1. What is the deliverable? A recommendation? Policy change? Proposed statutory change? Guidelines?
  2. Are the right people involved to proceed to implementation? Who else must be involved in implementation?
  3. How do we know when we’re “done”?
  4. When do we stop the process?
  5. How “complete” or useful is the deliverable product?
  6. How can we implement the steps identified as necessary to achieve goal?
  7. How will we get “buy-in” and/or support from those expected to implement this?

**“Mission Accomplished” (RadarSCOPE)**

- Announce implementations on the RadarSCOPE, with enough information so customers can find revised policies (if applicable).
- Some issues may give “false returns,” but the analysis is important anyway.

## Sample One-Page KaleidoSCOPE Opportunity Summary

| <b>One-Page SCOPE Opportunity Summary:<br/>Contract Approval Delegations</b>  |  |
|---|--|
| Opportunity   |  |
| Increased delegation to state agencies of the contract approval function would streamline their contracting function and free up SCO central approvals to focus more time on training and oversight reviews   |  |
| Controls/Policy Genesis   |  |
| CRS 24-30-202 requires the state controller or designee to examine each commitment voucher and determine whether the expenditure is authorized by the appropriation and prices and rates are fair and reasonable  |  |
| Oversight   |  |
| Some mechanism for insuring compliance would have to be developed, but presently no resources exists to permit periodic, risk-based reviews of institution or agency contracting programs and provide training. Three years ago was the last formal contracting program review. |  |
| More restrictive practices  | Less Restrictive Practices   |
| Some agencies having small dollar contracts are known to fear the increased delegation and want the comfort of legal review and central approval.   | Some states nationally have a much more liberal view to contract execution and accountability for form and substance.                        |
| Potential Benefits/Value  |  |
| Increase awareness of customer needs. Get closer to the customer. Better insight into impact of contracting policies.   |  |
| Costs of Change   |  |
| No estimate of cost savings has been prepared. Delegation itself will not change the costs associated with legal review. Cost analysis is not expected to be a key factor in this policy change.  |  |
| Cons/Known Barriers   | Pros/Factors Supporting Change   |
| Fear of accountability<br>Fear of additional workload<br>Limited resources to provide adequate oversight  | Many agencies want more control of their contracting process<br>SCO supports increased delegation as a way to get more training in the field |
| Recommendations for SCOPE Team  |  |
| Participants from CCIT, with some SPO and SBREP involvement as they deem necessary. Notify Controller's Forum and PAC Executive Committee as well of initiative.  | Team lead: Phil Holtmann   |

# RadarSCOPE

| Opportunity   | Description   | Team Lead                    | Other POCs                                     | Status/Recommendation  | Completion (Estimated) | Implementation                                   |
|---|---|------------------------------|--|--|------------------------|--|
| <b>Primary “Targets”</b>                                  |   |                              |  |  |                        |  |
| SCOPE charter definition                                  | To define the SCOPE team charter, how it will set priorities, how research will be conducted, how to coordinate across functional boundaries, how to communicate with customers and stakeholders. | Richard Pennington, 866-3285 |  | PeriScope phase  | (Not yet established)  |  |
| Complete General Terms and Conditions                     | Compete revision to general conditions of the contract used in construction projects  | Larry Friedberg, 866-3079    | Richard Pennington<br>AGC<br>Robert Bowers     | Gyroscope phase. Final reviews and approvals being considered. Rules promulgation will follow.                   | October 2002           |  |
| Indemnification and Limitation of Liability Clarification | Establish dialogue between State Controller and Attorney General designees concerning treatment of limitation of liability and indemnification issues in State contracting.                       | Art Barnhart, 866-3896       | Phil Holtmann<br>Robert Bowers<br>John Sleeman | Kaleidoscope phase. Draft being prepared of SCO expectations. Consideration of recurring SCO and attorney forum. | 10/1/2002              |  |
| <b>Secondary “Targets”</b>                                |   |                              |  |  |                        |  |
| Contract Approval Delegations                             | Relook at increasing delegations to agency controllers for contract delegation  | SCO                          |  |  |                        |  |
| Contract Legal Review                                     | Relook at the way that legal review requirements are specified in contracts. Better understand value of legal reviews.  | SCO/AG                       |  |  |                        |  |
| <b>Possible “Targets”</b>                                 |   |                              |  |  |                        |  |
| Collection of Old Debt                                    | Involve customers in fashioning an approach to handling old debt and leveraging existing resources to maximize recoveries   | CCS                          |  |  |                        |  |
| <b>“Missions Accomplished”</b>                            |   |                              |  |  |                        |  |
| Commitment Vouchers Streamlining                          | Raise commitment voucher threshold to \$5,000, simplify Special Provisions, raise contracting threshold to \$50,000, establish policies for modification of purchase orders                       | SCO                          | SPO, SBREP, PAC, CCIT                          | Implemented.   | 12/1/2001              | Fiscal Rules Revisions                           |
| Procurement Rules modernization and streamlining          | Raise formal bid threshold to \$50,000, construction to \$150,000, clarify documented quotes process for services, increase agency discretion in documented quotes for goods and services         | SPO                          | SBREP  | Implemented.   | 11/1/2001              | Procurement Rules Revisions effective 11/1/2001. |
| Personal Services Review Improvement                      | Established \$5,000 threshold for personal services review/approval: aligned with Fiscal Rules commitment voucher requirement.  | DHR                          | SPO, SCO                                       | Implemented  | 12/1/2002              | Personnel Rules revisions effective 1/1/2002     |